



## **BASS STRAIT OIL COMPANY LTD**

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## **QUARTERLY REPORT DECEMBER 2013**

Bass Strait Oil Company Ltd ("BAS" or "Company") presents a summary of its activities for the quarter ended 31 December 2013.

### **COMPANY PROGRESS**

- BAS had formally withdrawn from Exploration permit Vic/P47.
- BAS has appointed a new Chief Executive Officer, Mr Steve Noske who will take up the position on 6 January 2014.
- BAS now has cash on hand of \$1.382 million.

### **EXPLORATION ACTIVITIES**

#### **OTWAY BASIN ONSHORE**

##### **PEP 167: BAS 100% and Operator**

Exploration permit PEP 167 is located in the onshore Otway Basin, near Port Fairy in western Victoria. The permit comprises some 408 km<sup>2</sup>.

The permit was renewed effective from 2 March 2013. During the quarter regional geological and geophysical studies were continued.

##### **PEP 175: BAS 100% and Operator**

Exploration permit PEP 175 is located in the onshore Otway Basin. The permit comprises 1,419 km<sup>2</sup> and is adjacent to permits PEP 150 and PEP 167.

The permit was granted effective from 18 April 2013. During the quarter regional geological and geophysical studies were continued.

##### **PEP 150 (application area): BAS 15% (Operator: Beach Energy)**

Exploration permit PEP 150 is located in the onshore Otway Basin, near Portland, Victoria, and contains the 1989 Lindon and 1995 Digby oil discoveries.

The permit was granted for an initial 5 year term effective from 26 August 2013. The permit is considered to be prospective for both oil and gas in the Sawpit and Casterton Formations, in both conventional and unconventional plays. Initial activity is expected to consist of acquisition of 3D and 2D seismic data in 2014, followed by drilling in subsequent years.

## **GIPPSLAND BASIN OFFSHORE**

### **Vic/P68: BAS 100% and Operator**

Exploration permit Vic/P68 lies to the east of Vic/P47 in the offshore Gippsland Basin with water depths increasing from 50 to 150 metres towards the southeast. This block contains two primary play trends; the Rosedale Fault Trend and the Lake Wellington Fault Trend.

During the previous quarter a farmin agreement was executed with Cooper Energy Limited for them to participate in exploration of the Vic/P68 permit. Under the terms of the agreement, Cooper Energy would undertake, at its sole cost, reprocessing and merging of multiple 3D datasets and selected QI/AVO analyses, including 255 km<sup>2</sup> within Vic/P68. Subject to completion of the reprocessing and data interpretation, Cooper Energy would have the option to acquire a 50% interest in Vic/P68 at no further cost. BAS will be provided with a copy of all reprocessing work and studies undertaken by Cooper Energy.

The agreement remains subject to a number of conditions, including Government and Joint Venture approvals. In addition the agreement is subject to applicable regulatory requirements under the Corporations Act and ASX Listing Rules for transactions of this nature. Unfortunately BAS did not receive shareholder approval for the transaction at the AGM on 26 November 2013.

### **Vic/P41: BAS 64.565% and Operator**

Exploration permit Vic/P41 (539 km<sup>2</sup>) is located to the east of Vic/P68 in the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast. The permit provides BAS with exposure to the easterly extension of proven producing trends.

During the previous quarter a farmin agreement was executed with Cooper Energy Limited for them to farm in to Vic/P41. Under the terms of the agreement, Cooper Energy would undertake reprocessing and merging of multiple 3D datasets and selected QI/AVO analyses, including 430 km<sup>2</sup> within the permit. Cooper would contribute funding for BAS's share of the work undertaken, with BAS to assign a 25.8% working interest in the permit to Cooper Energy.

The agreement remains subject to a number of conditions, including Government and Joint Venture approvals. In addition the agreement was subject to applicable regulatory requirements under the Corporations Act and ASX Listing Rules for transactions of this nature. Unfortunately BAS did not receive shareholder approval for the transaction at the AGM on 26 November 2013.

Consequently, the work requirement is proceeding and BAS is funding it's share.

### **Vic/P42: BAS 100% and Operator**

Exploration permit Vic/P42 comprises approximately 930 km<sup>2</sup>, and is located adjacent to Kingfish, Australia's largest oil field, as well as Bream and other producing Esso/BHP oil and gas fields.

During the previous quarter BAS entered into a Collaboration Agreement with HIREX Petroleum Sdn Bhd. HIREX has access to proprietary evaluation technology that it will use to determine whether they will farm-in to the permit. Subject to government approval of a work program variation request, HIREX and BAS are working together to reassess the prospectivity of the permit by integrating the new technology with conventional geological and geophysical data. A decision is likely to be made in the first quarter 2014. The technology is a software based tool that relies on the phenomenon of resonance in seismic data to detect hydrocarbon deposits and predict oil-in-place volumes.

### **Vic/P66: BAS 60% and Operator**

Exploration permit Vic/P66 (2,160 km<sup>2</sup>) is located to the southeast of Vic/P41 in the east of the offshore Gippsland Basin approximately 60 kilometres south of the Victorian coast. The permit covers a possible easterly extension of the Rosedale fault trend into a deepwater area of the basin.

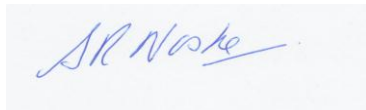
The Vic/P66 joint venture partners have agreed that exploration in the permit was unlikely to create value as it is in deep-water which significantly increases the exploration costs and as the identified leads have a high geological risk the joint venture partners have sought but not been granted the right to surrender the permit. The permit will be cancelled in due course.

### **NEW OPPORTUNITIES**

During the quarter BAS has been actively screening for new onshore exploration, appraisal and production opportunities. The initial focus has been on New Zealand and Australian opportunities.

Further information will be provided as attractive projects are identified.

For and on behalf of the Company

A handwritten signature in blue ink that reads "SR Noske". The signature is written in a cursive style and is positioned above a light blue rectangular background.

Steve Noske  
Chief Executive Officer  
30 January 2014

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BASS STRAIT OIL COMPANY LTD

ABN

13 008 694 817

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date (6<br>months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors  | 9                          | 22                                    |
| 1.2 Payments for (a) exploration & evaluation<br>(b) development<br>(c) production<br>(d) administration       | (366)                      | (753)                                 |
| 1.3 Dividends received   |                            |                                       |
| 1.4 Interest and other items of a similar nature received  | 20                         | 41                                    |
| 1.5 Interest and other costs of finance paid   |                            |                                       |
| 1.6 Income taxes paid  |                            |                                       |
| 1.7 Other  |                            |                                       |
| <b>Net Operating Cash Flows</b>  | <b>(337)</b>               | <b>(690)</b>                          |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of: (a) exploration & evaluation<br>(b) equity investments<br>(c) other fixed assets | (174)                      | (225)                                 |
| 1.9 Proceeds from sale of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets                   |                            |                                       |
| 1.10 Loans to other entities   |                            |                                       |
| 1.11 Loans repaid by other entities  |                            |                                       |
| 1.12 Other   |                            |                                       |
| <b>Net investing cash flows</b>  | <b>(174)</b>               | <b>(225)</b>                          |
| 1.13 Total operating and investing cash flows (carried forward)  | (511)                      | (915)                                 |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |              |              |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (511)        | (915)        |
|      | <b>Cash flows related to financing activities</b>          |              |              |
| 1.14 | Proceeds from issues of shares, options, etc.              |              |              |
| 1.15 | Proceeds from sale of forfeited shares                     |              |              |
| 1.16 | Proceeds from borrowings                                   |              |              |
| 1.17 | Repayment of borrowings                                    |              |              |
| 1.18 | Dividends paid   |              |              |
| 1.19 | Other (Share Issue Costs)                                  |              |              |
|      | <b>Net financing cash flows</b>                            |              |              |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(511)</b> | <b>(915)</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 1,893        | 2,297        |
| 1.21 | Exchange rate adjustments to item 1.20                     |              |              |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>1,382</b> | <b>1,382</b> |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 49                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | 0                           | 0                      |
| 3.2 Credit standby arrangements | 0                           | 0                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 150        |
| 4.2 Development                |            |
| 4.3 Production                 |            |
| 4.4 Administration             | 350        |
| <b>Total</b>                   | <b>500</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 92                         | 173                         |
| 5.2 Deposits at call                             | 1,290                      | 1,720                       |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>1,382</b>               | <b>1,893</b>                |

### Changes in interests in mining tenements

|   | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | Vic/P47            |                               | 40%                              | -                          |
| 6.2 Interests in mining tenements acquired or increased           |                    |                               |                                  |                            |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

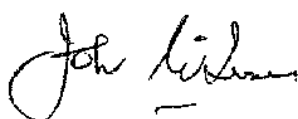
|  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 <b>Preference securities</b><br><i>(description)</i>   |              |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 518,285,747  | 518,285,747   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 10,000,000   | -             | <i>Exercise price</i><br>4                    | <i>Expiry Date</i><br>14/10/2014                 |
| 7.8 Issued during quarter  |              |               |   |  |
| 7.9 Exercised during quarter   |              |               |   |  |
| 7.10 Expired during quarter  |              |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |              |               |   |  |

+ See chapter 19 for defined terms.

|      |   |  |  |
|------|---|--|--|
| 7.12 | <b>Unsecured notes</b> ( <i>totals only</i> ) |  |  |
|------|---|--|--|

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 January 2014  
(Director)

Print name: John L C McInnes

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.